

Caltagirone Editore: the Board of Directors approves the results for first half of 2018

- Group net result: 2.2 million euros (6 thousand euros for first half of 2017)
- Revenues: 70.4 million euros (76.7 million euros for first half of 2017)
- Ebitda: -2.7 million euros (-1.5 million euros for first half of 2017)

Rome, July 30, 2018- The Board of Directors of Caltagirone Editore, chaired by Avv. Francesco Gianni, approved the results of the first half of 2018.

Performance of operations

Starting from January 1, 2018, the Group adopted the new accounting standards IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers.

The application of IFRS 15 involved the recognition of circulation revenues at their cover price or in any case at the actual price paid by the final buyer gross of all margins, including the part retained by the newsagent. Consequently, and this is where the difference from the previous accounting treatment lies, the commission is recognized separately as a distribution cost and is not deducted from the revenue figure as was previously the case; moreover, consolidated advertising revenues are stated net of the publisher fee resulting from the collection of advertising on behalf of third-party publishers, previously reported in costs for services. To guarantee that the data are comparable, the items of circulation and advertising revenues in the income statement for the first half of 2017 have been restated, and the item costs for services has also been adjusted for the same amount, according to the new indications introduced by IFRS 15. This restatement does not have any impact on operating income, net income or shareholders' equity.

Group net profit was positive for 2.2 million euros (6 thousand euros in the corresponding period 2017).

Revenues amounted to 7.4 million euros, down 8.3% compared to the same period of 2017 due the contraction of both circulation and advertisement income.

In particular, total revenues from the sale of the digital and paper versions of the newspapers of the Group amounted to 33 million euros, down 7.4% compared to the corresponding period of 2017.

Group advertising revenue declined by 10.7% and amounted to 33.9 million euros. Advertising revenues on paper prints alone, including advertising on behalf of third parties, fell by 12.7%; advertising revenue on internet decreased by 5.3% taking into account collections made on behalf of third parties. The incidence of the internet area on overall advertising revenue has now reached 14%.

On March 2018, the total Audience (PC or mobile) of the Group's web sites recorded 1.1 million unique average daily users, up 15% on the same month of 2017.

Costs decreased by 6.8% on the first half of 2017 and amounted to 72.9 million euros. In particular, labor costs decreased by 9.1% compared to the first half of 2017, despite the presence of non-recurrent costs of 851 thousand euros (1.6 million euros on June 30 2017) related to the reorganization plans put in place by some of the Group's companies. Without taking into account such extraordinary costs, labor costs decreased by about 7.1% as a result of the restructuring measures defined in previous years. The other operating costs decreased by 4.3% due to the effects of the actions undertaken in the Group reorganization process in functional areas.

EBITDA was negative for 2.6 million euros (negative for 1.5 million euros at June 30 2017).

EBIT, after amortization and write-downs of 1.4 million euros, recorded a negative balance of 4 million euros (-5.2 million euros in the first half of 2017).

Net income from financial operations was positive for 5.2 million euros (4.1 million euros in the corresponding period of 2017) mainly affected by dividends received on listed shares.

The net financial position amounted to 121.8 million euros, decreasing from 128.5 million euros on December 31 2017, mainly as a result of investments in listed shares and net of the incomes from dividends on listed shares.

Shareholders' equity was 445.8 million euros (448.8 million euros on December 31 2017). The decrease is attributable to the negative effect achieved during the half-year in the *fair value* measurement of the equity investments held by the Group net the Group net profit.

Forecasts for the current year

The negative trend in circulation and advertising revenues continues both at the market and at the company level and there are no signs of an inversion at the moment. This negative trend will probably continue in the current year.

Other Informations

In consideration of the modification by the Extraordinary Shareholders' Meeting of April 23 2018 of Article 2 of the By Law relating to the expansion of the company's business, the right of withdrawal was exercised for 16,062,277 shares of the company (equal to a total amount of 21,571,638 euro, that means 1,343 euro per share) by the Shareholders who did not participate in the adoption of the resolution, pursuant to article 2437, paragraph 1, lett. a) of the Civil Code. Please refer to the appropriate press release issued by the company on the same date.

The Executive responsible for the preparation of the corporate accounting documents, Fabrizio Caprara, declares in accordance with article 154 bis, paragraph 2, of the "Testo Unico della Finanza", that the accounting information contained in the present press release corresponds to the underlying documents, records and accounting entries

Attached the statutory balance sheets and income statement currently under review of the Board of Statutory Auditors and the Independent Auditors.

CALTAGIRONE EDITORE GROUP
CONSOLIDATED INCOME STATEMENT



(in thousands of Euro)

	1st half 2018	1st half 2017
Revenues		
Revenues from sales and supply of services	67,243	74,110
<i>of which related parties</i>	132	487
Other operating revenues	3,129	2,621
<i>of which related parties</i>	30	26
TOTAL REVENUES	70,372	76,731
Costs		
Raw material costs	(6,013)	(6,689)
Personnel costs	(30,128)	(33,128)
<i>of which non-recurring charges</i>	(851)	(1,627)
Other operating charges	(36,799)	(38,436)
<i>of which related parties</i>	(2,776)	(2,845)
TOTAL COSTS	(72,940)	(78,253)
EBITDA	(2,568)	(1,522)
Amortisation, depreciation and other write-downs	(1,436)	(3,698)
EBIT	(4,004)	(5,220)
Financial income	5,645	4,614
<i>of which related parties</i>	5,525	4,560
Financial charges	(486)	(498)
<i>of which related parties</i>	-	(19)
Net financial result	5,159	4,116
PROFIT/(LOSS) BEFORE TAX	1,155	(1,104)
Income taxes for the period	1,062	1,110
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	2,217	6
NET PROFIT/(LOSS) FOR THE PERIOD	2,217	6
Group net loss	2,217	6
Minority interest share	-	-
Earnings per share (Euro per share)	0.018	0.000
Diluted earnings per share (Euro per share)	0.018	0.000



Consolidated Comprehensive Income Statement

(in Euro thousands)

	1st half 2018	1st half 2017
Net loss for the year	2,217	6
Items which may not be reclassified subsequently to profit/(loss) for the period		
Gain/(loss) from recalculation of capital instruments assets, net of fiscal effect	(5,093)	1,641
Total other items of the Comprehensive Income Statement	(5,093)	1,641
Total comprehensive loss for the period	(2,876)	1,647
Attributable to:		
Parent Company shareholders	(2,876)	1,647
Minority interest	-	-



<i>(in Euro thousands)</i>	Share Capital	Quotation charges	Treasury shares	Fair Value reserve	Other reserve	Net Profit/Loss	Group net equity	Minority interest N.E.	Total net equity
Balance at January 1st 2017	125,000	(18,865)	(2,063)	(5,453)	436,154	(62,439)	472,334		472,334
Previous year result carried forward					(62,439)	62,439	-		-
Acquisition of treasury shares			(139)				(139)		(139)
Total operations with shareholders	-	-	(139)	-	(62,439)	62,439	(139)	-	(139)
Change in fair value reserve				1,641			1,641		1,641
Net Result						6	6		6
Comprehensive Profit/(Loss) for the period	-	-	-	1,641	-	6	1,647	-	1,647
Other variations					3		3		3
Balance at June 30th 2017	125,000	(18,865)	(2,202)	(3,812)	373,718	6	473,845	-	473,845
Balance at December 31st 2017	125,000	(18,865)	(2,224)	660	373,830	(29,633)	448,768	-	448,768
IFRS 9 application					(570)		(570)		(570)
Balance at December 31st 2017 redefined	125,000	(18,865)	(2,224)	660	373,260	(29,633)	448,198	-	448,198
Previous year result carried forward					(29,633)	29,633	-		-
Acquisition of treasury shares			141		54		195		195
Total operations with shareholders	-	-	141	-	(29,579)	29,633	195	-	195
Change in fair value reserve				(5,093)			(5,093)		(5,093)
Net Result						2,217	2,217		2,217
Comprehensive Profit/(Loss) for the period	-	-	-	(5,093)	-	2,217	(2,876)	-	(2,876)
Other variations					4		4		4
Balance at June 30th 2018	125,000	(18,865)	(2,083)	(4,433)	343,685	2,217	445,521	-	445,521

Caltagirone Editore Group
Consolidated Cash Flow Statement



in Euro thousands

	30 June 2018	30 June 2017
CASH AND CASH EQUIV. AT BEGINNING OF YEAR	136,498	151,030
Net loss for the year	2,217	6
Amortisation & Depreciation	1,376	3,175
(Revaluations) and write-downs	14	480
Net financial income/(charges)	(5,159)	(4,116)
(Gains)/losses on disposals	0	1
Income taxes	(1,062)	(1,110)
Changes in employee provisions	(753)	(3,118)
Changes in current and non-current provisions	(189)	629
OPER. CASH FLOW BEFORE CHAN. IN W.CAPITAL	(3,556)	(4,053)
(Increase) Decrease in inventories	(13)	(297)
(Increase) Decrease in Trade receivables	6,358	4,255
Increase (Decrease) in Trade payables	384	(992)
Change in other current and non-current liabilities	(2,911)	(382)
Change in deferred and current income taxes	45	66
OPERATING CASH FLOW	307	(1,403)
Dividends received	5,525	4,560
Interest received	120	54
Interest paid	(287)	(262)
Income taxes paid	(38)	(37)
A) CASH FLOW FROM OPERATING ACTIVITIES	5,627	2,912
Investments in intangible fixed assets	(106)	(69)
Investments in tangible fixed assets	(96)	(1,631)
Non-current investments and securities	(12,287)	-
Sale of intangible and tangible assets	8	39
B) CASH FLOW FROM INVESTING ACTIVITIES	(12,481)	(1,661)
Change in current fin. liabilities	167	(4,542)
Other changes	195	(139)
C) CASH FLOW FROM FINANCING ACTIVITIES	362	(4,681)
D) Effect exc. diffs. on cash & cash equivalents	-	-
Change in net liquidity	(6,492)	(3,430)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	130,006	147,600